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SIPDIS

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TAGS: [PGOV](#) [PREL](#) [PINR](#) [PE](#)
SUBJECT: PERU'S NEW PRIME MINISTER: REFORMED RADICAL,
YEHUDA SIMON

REF: LIMA 1639

Classified By: Amb. P Michael McKinley for reasons 1.4b and d.

¶1. (C) Summary: President Garcia has named Yehuda Simon, the respected Regional President of Lambayeque, as Peru's next Prime Minister. A political pragmatist with a radical past, Simon's appointment has helped stem the hemorrhaging from a corruption scandal (ref) and shore up Garcia's vulnerable left-of-center flank. Observers differ on whether the appointment is brilliant, risky or both -- with some speculating President Garcia wants to promote Simon's candidacy for the 2011 presidential elections and others suggesting the independent and relatively inexperienced regional leader could flame out fast in this high-octane, high-turnover job. Despite Simon's appeal across the political spectrum, some on the right express concern that he retains elements of his former radical ideology. The Embassy's interaction with Simon has been uniformly positive.
End Summary.

Prime Minister Yehuda Simon, a Reformed Radical

¶2. (U) President Garcia on October 11 announced he would select as new Prime Minister (succeeding Jorge Del Castillo) the widely respected President (Governor) of the northern region of Lambayeque, Yehuda Simon. A political independent with leftist political roots, Simon has appealed to diverse groups across the political spectrum with a focus on pro-market growth reinforced by social programs in his native Lambayeque. First elected to Lambayeque's regional presidency in 2002 with 32% of the vote, Simon was the only Regional President re-elected in 2006, when he increased his vote share to 40%. As Regional President, Simon served six months as the head of Peru's national governor's association where he acted as the regions' principal interlocutor with the central government. Simon actively and publicly supported the free trade agreement with the United States as well as U.S. Southern Command's 2006 New Horizons bilateral humanitarian exercise, which took place in Lambayeque.

¶3. (C) From 1985 to 1990, Simon served as a Congressman for the leftist umbrella party United Left and served on Congress's Justice and Human Rights committee. Reportedly frustrated with his inability to affect change in Congress, Simon opted for a more radical political path by becoming director in 1987 of the magazine Cambio and by founding in 1991 the Free Fatherland Movement (MPL). Both organizations served as political fronts for the terrorist group MRTA, and

in 1992 the Alberto Fujimori government (1990-2000) arrested Simon on charges of verbal support ("apologia") for terrorism. Fujimori's special terrorism courts ("Jueces Sin Rostro") sentenced Simon to 20 years in prison, where he served eight years and underwent a political rehabilitation program. (The special terrorism courts were subsequently ruled unconstitutional.) Supported by a range of establishment political figures from former Justice and Foreign Minister Diego Garcia Sayan to recent Production Minister Rafael Rey, Fujimori's successor, Valentin Paniagua, the interim President during Peru's transition back to democratic rule, released Simon from prison and expunged the conviction from his record in 2000 -- a half step short of a formal "pardon". Since his release, Simon has publicly renounced his former beliefs and reaffirmed his commitment to working peacefully within the established political system.

¶4. (U) Simon studied veterinary science at the National University of Lambayeque and Political Science and Law at the Universidad Alas in Lima. He is married to Nancy Valcarel Herrera and has three children. Simon was born on July 18, ¶1947.

Response to Corruption Scandal, Shore Up Left Flank

¶5. (C) Simon's appointment as Prime Minister has helped stem the hemorrhaging caused by a corruption scandal that undid Garcia's previous cabinet (ref). It appears also to be designed to shore up the government's increasingly vulnerable left-of-center flank from encroaching attacks by an emboldened opposition. Newspaper headlines that for several days had focused on the scandal have been supplanted by

mostly positive coverage of Simon's announced pledge to fight corruption while reaching across political aisles, outside of Lima to the regions, and including all sectors of society in a broad political dialogue. Nationalist (PNP) opposition leader Ollanta Humala scrambled to find a new line of attack, accusing Garcia and Simon of forming a "political pact" among unlikely partners and pointing out that Simon and Garcia disagree on key issues. Social movement leaders who had recently launched anti-government protests have publicly accepted Simon's call for open dialogue.

Mixed Speculation about Garcia's Motives

¶6. (C) Observers differ as to the President's deeper motives in appointing Simon, calling it either brilliant, risky or a combination of both. One political analyst speculated that Garcia appointed Simon only temporarily in order to calm the political waters prior to the November APEC summit. At the opposite extreme, others suggest Garcia wants to promote Simon's candidacy for the 2011 presidential elections by providing him a national platform to launch a campaign. (Simon publicly announced his presidential ambitions several months ago.) An APRA-party insider recently told us Garcia would never back another APRA leader for the presidency and had instead (at that time) tentatively selected Simon as his preferred candidate. Still others believe that the relatively inexperienced Simon is likely quickly to flame out in the high-octane, heavy burn-out, high-turnover PM position, particularly without the structural support of a solid national party apparatus such as the APRA. (By serving a full 26 months, Del Castillo was the third-longest serving PM in nearly a century and the two who top him served under dictators. In the Toledo government, PMs served an approximate average of six month terms.)

Some Concerns on the Right

¶7. (C) Despite Simon's appeal across the political spectrum, some on the right have expressed concern that Simon retains part of his former radical ideology and is not the reformed centrist he appears to be. Santiago Fujimori, brother of the former President and leader of the Fujimorista congressional bloc, publicly praised Simon's capacity for consensus building but worried that he might implement leftist-populist policies. Fujimori's party has also requested the

declassification of the prosecution's 1992 case against Simon. An oil company executive who works in Lambayeque complained to Poloff that Simon regularly pressed his company to give additional resources to the regional government despite the fact that the company's operations were in the exploration phase and had not yet earned any profits. "Simon does not understand business," said the executive. (Seeking additional resources is the main tune of many cash-poor regional governments, and Lambayeque has the smallest canon resources of any region in Peru, receiving an almost negligible sum from mining and gas.) Two rightist union leaders alleged that some of Simon's advisors retain radical connections, which suggested he had not fully abandoned his own leftist past.

Constructive Relations with U.S.

18. (SBU) The Embassy's interaction with Simon has been uniformly positive. He is approachable, pragmatic and interested in working with us. As Regional President of Lambayeque, he publicly supported the U.S.-Peru Trade Promotion Agreement at a time when this was not necessarily the politically expedient position -- framed by his convert's understanding that economic growth must be private-sector led and regional governments should find ways to attract private and international investment rather than wait for central government largesse. He also worked closely with the U.S. Embassy and Southern Command in planning and successfully carrying out the 2006 New Horizons bilateral humanitarian exercise, ensuring that political flak and opposition pot-shots were minimal. He has been an active USAID partner in projects relating to health, education and decentralization. This includes the institutionalization of the Association of Regional Presidents, of which he served as first elected -- by his Regional President colleagues -- leader.

MCKINLEY